

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ITT COMMUNICATIONS,)	
INC. AND METROMEDIA LONG DISTANCE, INC.)	CASE NO. 89-106
FOR APPROVAL TO ACQUIRE CONTROL)	

O R D E R

On April 28, 1989, ITT Communications Services, Inc. ("ITTCSI")¹ and Metromedia Long Distance, Inc. ("Metromedia") jointly filed an application ("the Application") requesting permission for Metromedia to acquire control of ITTCSI ("the Proposed Transaction"). This Order grants approval of that transfer of ownership.

THE PROPOSED TRANSACTION

Metromedia Company, the parent company of Metromedia, and ITT Corporation, the parent company of ITTCSI, by agreement dated March 9, 1989, have arranged to transfer to Metromedia 100 percent of the shares of ITTCSI. The acquisition agreement has been filed as Attachment IV to the Application. Metromedia proposed initially to keep the tariff of ITTCSI,² and the Commission

¹ ITTCSI formerly was named United States Transmission Systems, Inc. ("USTS"). USTS changed its name to ITTCSI on December 16, 1988; the Commission was notified of the pending change of name by letter dated December 1, 1988.

² As USTS, ITTCSI was granted a Certificate of Public Convenience and Necessity to provide intrastate interLATA telecommunications services within the Commonwealth of Kentucky in Case No. 10200. (Order entered June 24, 1988.)

believes the change of control will have no adverse effect on ITTCSI's customers.

APPLICABLE LAW

Although the Application alleges Metromedia will derive a greater percentage of its gross revenue from business outside of the Commonwealth of Kentucky, Metromedia has not obtained permission to operate in other jurisdictions, therefore, KRS 278.020(6) does not apply. As the Proposed Transaction is a total transfer of ownership and as ITTCSI is under the jurisdiction of the Commission, KRS 278.020(4) and (5) both apply. The Commission is of the opinion that the Proposed Transaction will not harm consumers and will enhance ITTCSI's competitive ability. The Commission is persuaded that Metromedia has the financial, technical, and managerial abilities to provide reasonable service, given its financial situation (as reflected in the financial statement filed as Attachment III to the Application) and the telecommunications experience and non-financial resources available from the parent company, Metromedia Company.

The Commission believes it is appropriate for Metromedia to publicly adopt the tariff of ITTCSI at the time the acquisition of ITTCSI becomes effective. Such notice would apprise the Commission of the precise services and charges which accompanied this transfer. The Commission is entitled to this additional information and will require it pursuant to Administrative Case No. 273,³ Order of May 25, 1984, at page 34. The adoption of the

³ Administrative Case No. 273, An Inquiry Into Inter- and IntraLATA Intrastate Competition in Toll and Related Services Markets in Kentucky.

Executive Director